BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 2020-229-E

IN THE MATTER OF:	)	
	)	**POST-HEARING BRIEF OF THE**
Dominion Energy South Carolina,	)	**SOLAR ENERGY INDUSTRIES**
Incorporated's Establishment of a Solar Choice	)	**ASSOCIATION AND THE NORTH**
Metering Tariff Pursuant to S.C. Code Ann.	)	**CAROLINA SUSTAINABLE**
Section 58-40-20	)	**ENERGY ASSOCIATION**

Pursuant to the Revised Directive of the Chief Hearing Officer issued on April 5, 2021, Solar Energy Industries Association ("SEIA") and North Carolina Sustainable Energy Association ("NCSEA") appreciate the opportunity submit this post-hearing brief. SEIA and NCSEA join and support the proposed order and brief of South Carolina Coastal Conservation League, Upstate Forever, Southern Alliance for Clean Energy, and Vote Solar (collectively "Clean Energy Parties"), but submit this brief to raise additional issues pertinent to the solar industry.

I. Dominion's Solar Choice Metering Proposal is Deficient as a Matter of Law, Contrary to the Intent of the Energy Freedom Act, and Should Be Rejected in Whole.

SEIA and NCSEA agree with the Clean Energy Parties that Dominion Energy South Carolina ("Dominion" or "Company") and the Office of Regulatory Staff ("ORS") have failed to present sufficient evidence to satisfy the requirements of the Energy Freedom Act ("Act 62"). Section 58-40-20(D)(1)-(4) provides four categories of analysis that the Commission must consider in determining the costs and benefits of customer-generators, including "(1) the aggregate impact of customer-generators on the electrical utility's long-run marginal costs of generation, distribution, and transmission; [and] (2) the cost of

service implications of customer-generators on other customers within the same class, including an evaluation of whether customer-generators provide an adequate rate of return to the electrical utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a separate class within a cost of service study."

Dominion's proposed Solar Choice Metering tariff was not developed in accordance with the clear directives of Act 62. Indeed, Dominion admits that it relied on the existing Act 236 NEM Settlement methodology—which is currently used for purposes of determining lost revenue cost recovery—and has not attempted to include the long-run marginal costs of transmission, distribution, and generation or perform a cost of service analysis that looks at net metering customers (or solar choice metering customers) as a separate class of service for analytical purposes. In other words, Dominion has ignored the cost of service requirement established by Act 62 entirely, stating in a discovery response entered into the record at the merits hearing that the Company has no intention of ever complying with the law and providing the Commission this analysis.

Moreover, Dominion has not taken into account the likelihood that the Commission will update the cost-benefit methodology that it uses to evaluate distributed energy resources ("DERs"), as an order is expected in Docket No. 2019-182-E to update the existing Act 236 NEM Settlement methodology, and has not even attempted to utilize the additional analyses required by the law. Dominion is relying on a method that incentivizes the Company to undervalue DER resources because the lower the DER value under the Act 236 Settlement Methodology, the higher the NEM DER Incentive (i.e., loss revenue recovery) that Dominion collects under existing policy. Act 62 explicitly moves beyond the existing policy by prohibiting NEM DER Incentive-type cost recovery. Act 62 provides

a *new* analytical framework to value DER and assess the costs and benefits of net metering and solar choice metering.

Dominion's proposal is legally deficient in other respects as well. While Chapter 40 did not require Dominion to file an application, Dominion has enjoyed that posture throughout the hearing on the merits, being afforded the privileges of the applicant in the order of witnesses and cross examination. Yet, with the form of its filing, Dominion has shrugged off the expectation that it has a burden to carry, since the Energy Freedom Act places the duty to adopt a solar choice metering tariff on the Commission and Dominion is not required by law to submit an application. Viewing Dominion's proposal as an application, however, it is clear that failure to provide information that is a mandatory part of the Commission's evaluation of the costs and benefits of the solar choice metering program (i.e., a customer-generator cost of service evaluation) renders Dominion's proposal legally deficient. Dominion is the only party with the ability to create the data needed—load research on customer-generators—and it has not taken any steps in that direction since the Act 62 was enacted in May of 2019.

Dominion should not be rewarded for its lack of diligence by being handed exactly what it seeks: the end of the solar industry and the end of competition within its service territory. Accordingly, SEIA and NCSEA ask the Commission to find that Dominion's failure to even attempt to comply with the requirements of the law renders its proposal (the presumptive application) legally deficient.

II. The Commission Should Approve Witness Beach's Recommendation as an Interim Tariff and Order Dominion to Engage in a Stakeholder Process to Develop the Necessary Data and Studies Before Returning to the Commission with a Successor Solar Choice Metering Proposal.

NCSEA and SEIA join and support the recommendation made by the Clean Energy Parties in the joint proposed order and brief submitted concurrently. The Clean Energy Parties request that the Commission adopt the Solar Choice Metering proposal put forth by Witness R. Thomas Beach in his pre-filed direct testimony. But NCSEA and SEIA additionally suggest that the Commission make Witness Beach's recommended solar choice metering policy an interim policy that remains in effect only for a period of time that is sufficient for Dominion and stakeholders to work together to remedy the evidentiary deficiencies in the record and to develop a program that meets the capabilities and objectives of the low-carbon system Dominion says it is building. To provide the certainty that supports customer investment in solar, NCSEA and SEIA recommend that customers who enroll on the interim tariff during this period be allowed to stay on that tariff and the applicable rate schedule—per Witness Beach's proposal—for a period of twenty years, which is the lower-end of the range of the expected life of a solar photovoltaic system.

Dominion's failure to engage stakeholders proactively and in a collaborative manner prior to filing its solar choice metering tariff may not be a legal deficiency, but it is a major flaw and reason for the contentiousness of this proceeding. As demonstrated by the settlement in the Duke Companies' dockets, it is possible for the solar industry and advocates to come to an agreement that addresses the intent of the statute and reaches genuine compromise. Instead, Dominion has tried to distract from the shortcomings of its own proposal by using the process of this case to pursue a frontal attack on the solar industry, as evidenced by the consistent and inappropriate questioning of public witnesses

at the virtual public hearing that went well beyond the scope of any proposal and amounted to a fishing expedition for character evidence. Underscoring the audacity of Dominion's proposal that would completely undermine customer investment in solar and effectively remove solar as a viable option for Dominion customers, the public has filed hundreds of comments and protests letters against Dominion's proposal in this proceeding. In contrast, the Duke Companies' public hearing has only a handful of persons signed up to speak and those dockets have received just one letter of protest (as of the time of this filing).

Dominion's witness Danny Kassiss stated in his pre-filed direct testimony that it was unnecessary to pursue positions of compromise because Dominion felt that it already understood parties' positions. That decision point by Dominion truly was a lost opportunity to pursue compromise and avoid the contentiousness that characterized this proceeding. No one can force Dominion to negotiate or to compromise, but the Commission can order that Dominion facilitate a stakeholder process to ensure greater transparency and to improve the likelihood that the next solar choice filing will go more smoothly from a procedural perspective. NCSEA and SEIA certainly are willing and eager to work with Dominion, ORS, and any other stakeholders who want to work together to effectuate the (complete) intent of Act 62 to the greatest extent practicable.

To achieve a better outcome, NCSEA and SEIA recommend that the Commission order (1) a stakeholder process to undertake both a load research study and (2) a robust T&D study that examines the potential for solar and other DERs and demand response technologies paired with solar to provide T&D benefits. As Dominion's parent company is pursuing grid modernization, advanced rates, and innovative customer programs in other jurisdictions, it is incumbent on Dominion Energy South Carolina to be forward looking.

The opportunities for compromise increase when the parties stop fighting the battles of the past and seek common ground and a constructive path toward a cleaner, more efficient, cost-effective, and resilient distributed energy future.

Given the length of time necessary to create a more complete record and surefooted solar policy, NCSEA and SEIA recommend that the Commission extend the interim period through at least June 1, 2024. A period of three years should provide sufficient time for Dominion and stakeholders to resolve data and study issues that will provide the Commission a more complete picture of the costs and benefits of customer-generator facilities. Additionally, this would give parties the benefit of conducting the technical stakeholder work after the Commission has issued an order on cost-benefit methodology in Docket No. 2019-182-E.

III. In the Alternative, the Commission Could Continue the Existing Net Metering Program as an Interim Tariff and Impose a Minimum Bill as Proposed by Witness Justin R. Barnes to Residential Customer-Generators.

As an alternative to adopting Witness Beach's proposal to migrate customers to the existing non-demand time-of-use schedule (Schedule 5), NCSEA and SEIA suggest that the Commission could extend the status quo policy for customer-generators—including access to all currently available rate schedules—for the full duration of the interim period. To the extent the Commission has concerns about the use of the distribution system to facilitate customer-generator exports—as limited as that use might be—NCSEA and SEIA recommend adoption of a minimum bill consistent with that recommended by Witness Justin R. Barnes to ensure that those purported customer-related costs are collected.

A minimum bill of $15.50/month, as suggested by Witness Barnes, could be applied as an overlay to existing rate schedules and would not shift the amount of the other rate components. Additionally, as Witness Barnes demonstrated, the minimum bill has a more

grounded basis in what customer-related costs truly are, rather than relying on Dominion's BFC cost basis methodology that relies on a disputed customer-related cost designation. For example, if the BFC were set to increase, to maintain revenue neutrality, the volumetric rate would have to decrease. A minimum bill will apply only during months where a customer has reduced their net billing to such an amount that they are paying less than $15.50 with the combination of the BFC and volumetric charges. This would provide a simple solution to address fairness in collection of basic customer costs without upending the rate structures or value proposition of customers' use of solar.

IV. Dominion's Solar Choice Metering Proposal Will Disrupt the Growth of the Market for Rooftop Solar in Dominion's Service Territory, Protecting Dominion Shareholders from Competition and Revenue Erosion at the Expense of Customer Choice.

Dominion's behavior and the overarching contentiousness of this proceeding reveal the intensity of the competitive struggle that Dominion views itself in against the rooftop solar industry. Dominion's combative behavior and refusal to collaborate with stakeholders is in stark contrast to with the joint efforts and collaborative work between the solar industry and Duke Energy to devise a workable solar choice metering tariff. It is clear that Dominion's proposal meets neither the spirit nor the letter of the law.

Dominion's contention that it is concerned about a "cost shift" is contrary to its record of supporting customer-generator programs (in the Act 236 context) where it was and remains protected from revenue erosion by the NEM DER Incentive mechanism. Dominion continues to exercise its Act 236 settlement right to continue collect over ten million dollars each year in lost revenues from <u>all</u> customers for the NEM DER Incentive. In other words, Dominion is unwilling to reduce the revenue it collects, but it is more than willing to wipe out the value proposition of solar for its customers now that Act 62 lifts the

cap on potential competition and prohibits the collection of a NEM DER Incentive-type mechanism.

Given Dominion's behavior in refusing to engage stakeholders, balking at the prospect of compromise, and unfairly trying to impute a bad character to the industry, it is, unfortunately, no surprise that Dominion's proposal would have such devastating effects by severely limiting customer choice and gutting the solar industry.

V. Conclusion

NCSEA and SEIA appreciate the opportunity to submit this post-hearing brief and request that the Commission: (1) reject in whole Dominion and ORS solar choice metering proposals; (2) adopt Witness Beach's proposed solar choice metering proposal as an interim tariff that will remain in effect through at least June 1, 2024; (3) order Dominion to engage in a stakeholder process to conduct load research, design cost of service studies for customer-generators, and perform a T&D study to evaluate the value of DER in offsetting or deferring those assets; and (4) in the alternative to adoption of Witness Beach's proposal, extend the status quo net metering policy with the overlay of the minimum bill proposed by witness Barnes.

This the 14th day of April, 2021.

Respectfully Submitted,

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